

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

400H0321

HOUSE BILL NO. 1033

Introduced by: The Committee on Retirement Laws at the request of the South Dakota Retirement System

1 FOR AN ACT ENTITLED, An Act to provide benefit improvements for certain members of the
2 South Dakota Retirement System, to revise the provisions for the purchase of uncredited
3 service by members of the system, and to provide for increased contributions for certain
4 members.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

6 Section 1. That § 3-12-91 be amended to read as follows:

7 3-12-91. Upon retirement, a member shall receive a normal retirement allowance,
8 commencing at normal retirement age or thereafter as provided in § 3-12-90, for Class A
9 credited service, equal to the larger of 1.625% of final compensation for each year of Class A
10 credited service before July 1, 2002, plus ~~1.3%~~ 1.55% of final compensation for each year of
11 Class A credited service after July 1, 2002, or 2.325% of final compensation for each year of
12 Class A credited service before July 1, 2002, plus ~~2.0%~~ 2.25% of final compensation for each
13 year of Class A credited service after July 1, 2002, less other public benefits. For purposes of this
14 section, federal military retirement or federal national guard retirement benefits are not other
15 public benefits. For the purposes of this section, any Class A member who did not participate in



1 federal social security during the period of credited service shall be presumed to be entitled to
2 the maximum primary social security benefit permitted at the time of retirement. Class A credited
3 service includes all credited service under this or any of the retirement systems consolidated
4 pursuant to § 3-12-46.

5 Section 2. That § 3-12-83 be amended to read as follows:

6 3-12-83. A current contributing member of the system may receive credited service by
7 election to make, or have made on ~~his~~ the member's behalf, contributions, based on the higher
8 of ~~his~~ the member's current compensation, or ~~his~~ the member's final compensation calculated as
9 if ~~he~~ the member retired on the date of election, at seventy-five percent of twice the member rate,
10 for each year of service for which ~~he~~ the member wishes to receive credit, if:

- 11 (1) The current contributing member of the system could have established credit for any
12 South Dakota public service by making contributions under this chapter or any prior
13 law; or
14 (2) The current contributing member was not permitted to establish credit for any South
15 Dakota public service.

16 The amount of the credited service and the rate of contribution shall be at class A rates unless
17 the service for which credit is sought was rendered as a class B member in which case class B
18 rates shall apply. If a participating unit has failed to pay employer or member contributions to
19 the system on behalf of a member as required under this chapter or under any predecessor system
20 consolidated pursuant to § 3-12-46, the amount due the system shall be calculated in accordance
21 with this section.

22 The member rate in effect as of July 1, 2001, shall be used in calculation of the purchase cost
23 of any service performed prior to July 1, 2002.

24 Section 3. That § 3-12-84 be amended to read as follows:

1 3-12-84. If a current contributing member of this system has other public service for which
2 ~~he~~ the member is not entitled to retirement benefits from another public retirement system, ~~he~~
3 the member may elect to deposit or have deposited on ~~his~~ the member's behalf an amount equal
4 to seventy-five percent of twice the Class A rate of contribution multiplied by the higher of ~~his~~
5 the member's annual compensation at the time of making the election, or ~~his~~ the member's final
6 compensation calculated as if ~~he~~ the member retired on the date of ~~his~~ the member's election, for
7 each year of other public service for which ~~he~~ the member wishes to receive credit as a Class A
8 member.

9 The member rate in effect as of July 1, 2001, shall be used in calculation of the purchase cost
10 of any service performed prior to July 1, 2002.

11 Section 4. The benefit formula multiplier increases in section 1 of this Act are effective on
12 July 1, 2002, only if the provisions of chapter 23 of the 2000 Session Laws are in effect on that
13 date. If the provisions of chapter 23 of the 2000 Session Laws are repealed, the benefit formula
14 multiplier increases found in section 1 of this Act are likewise repealed. However, if repealed,
15 the benefit formula multiplier increases in section 1 of this Act are applicable for any time period
16 that increased contributions pursuant to chapter 23 of the 2000 Session Laws are received by the
17 system.

18 Section 5. That chapter 3-12 be amended by adding thereto a NEW SECTION to read as
19 follows:

20 Each participating unit shall make an additional contribution in the amount of six and two-
21 tenths percent of any member's compensation in each calendar year that exceeds the maximum
22 taxable amount for social security for the calendar year. The additional contributions shall be
23 made only for Class A members and may not be treated as employer contributions.